

**RHODE ISLAND STATE COUNCIL ON THE ARTS
COMPLIANCE AUDIT
FISCAL YEAR ENDED JUNE 30, 2000**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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RHODE ISLAND STATE COUNCIL ON THE ARTS
COMPLIANCE AUDIT
FISCAL YEAR ENDED JUNE 30, 2000

EXECUTIVE SUMMARY

The Rhode Island State Council on the Arts (Council) should comply with the retention and disposition of its records in accordance with the regulations issued by the State Archives Public Record Administration within the Secretary of State's office as prescribed by statute.

The Council should ensure that all its desktop computers provide adequate protection for the safeguarding of its computer stored files.

THE RHODE ISLAND STATE COUNCIL FOR THE ARTS
COMPLIANCE AUDIT
FISCAL YEAR ENDED JUNE 30, 2000

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Department of Administration
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July 12, 2002

Mr. Randall Rosenbaum, Executive Director
Rhode Island State Council on the Arts
83 Park St. 6th Floor
Providence, RI 02903-1037


Dear Mr. Rosenbaum:

We have completed a compliance audit of the Rhode Island State Council on the Arts. Our audit was conducted in accordance with Sections 35-7-3 and 35-7-4 of the General Laws of Rhode Island.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report.

In accordance with Section 35-7-4 of the General Laws, we will review the status of the Rhode Island State Council on the Art's action plan within 6 months from the date of issue of this report.

Sincerely,


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

RHODE ISLAND STATE COUNCIL ON THE ARTS
COMPLIANCE AUDIT
FISCAL YEAR ENDED JUNE 30, 2000

INTRODUCTION

Objectives, Scope, and Methodology

We conducted a compliance audit of the Rhode Island State Council on the Arts (Council) for the fiscal year ended June 30, 2000. Our objectives were to evaluate the adequacy and effectiveness of internal controls over its operations with respects to compliance with significant laws and regulations. Our audit was made in accordance with *The Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

To accomplish our objectives we reviewed the reliability and integrity of financial and operating information. We interviewed responsible personnel, performed tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

The findings and recommendations included herein have been discussed with management and we considered their comments in the preparation of our report. Section 35-7-4 (c) of the R.I. General Laws requires the auditee to respond in writing within 60 days to all recommendations made in the report. Management's response to our audit findings and recommendations was submitted on July 3, 2002 and is included in this report.

Background

The Council was established in 1967. It serves to insure that the role of the arts in the life of Rhode Island communities will continue to grow and will play an ever more significant part in the welfare and educational experience of our citizens. It does this by receiving and disbursing funds from the General Assembly, along with funds from the National Endowment for the Arts, a federal agency, as well as other federal sources. The Council is charged in Sections 42-75-7 of the General Laws of the State of Rhode Island with stimulating and encouraging the study and presentation of the various arts throughout Rhode Island. It is also charged with assessing and making recommendations regarding the needs of the state's arts community; with making educational opportunities in the arts; and with taking such steps as may be necessary and appropriate, to expand the state's cultural resources and protect artistic freedom.

RHODE ISLAND STATE COUNCIL ON THE ARTS
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FINDINGS AND RECOMMENDATIONS

Records Retention

Chapters 3 of Title 38 and 8.1 of Title 42 of the Rhode Island General Laws entitled "Public Records Administration" and "State Archives," respectively, requires the State Archives Public Records Administration within the Secretary of State's office to provide for the custody, retention, and final disposal (destruction or archive) of all public records generated by every state agency.

In support of this every agency is required by law to prepare and submit, "record retention schedules." These schedules comprise general records, such as personnel and payroll files, and specific records that are unique to each agency. Each agency's retention schedules must be approved by the Attorney General and the Auditor General to ensure that the retention periods satisfy all legal, fiscal, administrative and historical obligations, thereby protecting the public's interest. These retention schedules specify the minimum amount of time a record must be held for an agency and prescribes the manner of disposal. Further, before any record can be destroyed or otherwise disposed of each agency must receive a "Certificate of Records Destruction" from the Public Records Administration. This certificate, once signed by both the state archivist and the agency indicate what records were destroyed and confirms that there was no historical value to the destroyed records.

Discussions with Council personnel and the Public Records Administration have verified that records are being destroyed without prior notice being given to the state archives. This includes not preparing and submitting the necessary "record retention schedules" as well as not obtaining a "Certificate of Records Destruction" as final approval for the records destroyed.

Recommendations

1. The Council needs to contact the Public Records Administration to begin to prepare and submit for approval the necessary "record retention schedules." Once these retention schedules have been established the council can then request disposal (destruction or archive) from the Public Records Administration. Obtaining a "Certificate of Records Destruction" then evidences disposal of such records.
2. The Council needs to periodically reexamine its "record retention schedules" to ensure they reflect any changes in the types of records generated. This will ensure that all records are retained for the required period of time prior to being destroyed or archived as a permanent record.

Computer Security

The Council has eight (8) desktop computers that are networked through a central server. Any desktop computer can access the server either to store or retrieve a file.

In examining the security of the computer system we determined that all eight (8) desktop computers had passwords to log onto these computers. However, we determined that three (3) desktop computers did not have passwords to prevent unauthorized access to files stored on the server. If any one of these three computer operators should leave their terminals on at the screensaver for any reason any individual could gain access to any unprotected file.

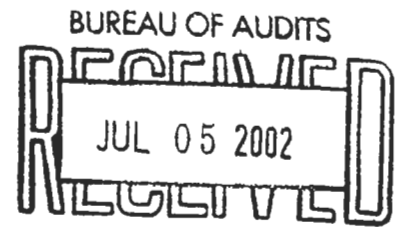
Recommendation

3. The Council should ensure that all desktop computers have screensaver passwords to prevent any unauthorized access to files.



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RI STATE COUNCIL ON THE ARTS
83 Park Street, 6th Floor
Providence, RI 02903-1037
(401) 222-3880 TDD / VOICE



July 3, 2002

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits
Rhode Island Department of Administration
One Capitol Hill
Providence, RI 02908-5889

Dear Mr. Cooper:

Thank you for providing us with a copy of your recently completed compliance audit, titled "Rhode Island State Council on the Arts Compliance Audit, Fiscal Year Ending June 30, 2000". We have had an opportunity to review and discuss your audit findings, and I am prepared to respond in accordance with Rhode Island General Law 35-7-4 (c).

Let me express our gratitude to you and your staff for this comprehensive review. We were pleased that the two findings quoted in your report are minor issues, which you described as common to most state agencies. As you will see below, we are already taking steps to address these findings.

RECOMMENDATION #1: RECORDS RETENTION

The Council needs to contact the Public Records Administration to begin to prepare and submit for approval the necessary "record retention schedules." Once these retention schedules have been established the council can then request disposal (destruction or archive) from the Public Records Administration. Obtaining a "Certificate of Records Destruction" then evidences disposal of such records.

Response: ACCEPTED

RECOMMENDATION #2: RECORDS RETENTION

The Council needs to periodically reexamine its "record retention schedules" to ensure they reflect any changes in the types of records generated. This will ensure that all records are retained for the required period of time prior to being destroyed or archived as a permanent record..

Response: ACCEPTED

We agree with your findings regarding the issue of "records retention". While we have been careful not to destroy grant, financial or personnel related records, we have been less careful about discarding general correspondence and reports or materials unrelated to our grant-making activities.

After receiving your draft report I consulted with Gwenn Stearn, the State Archivist. She informed me that the last time our agency addressed this issue was in 1980 (I arrived in 1995), when a first attempt was made to draft a "records retention schedule" for the Arts Council. According to Ms. Stearn's letter to me dated April 23 of this year (attached: Exhibit 1), "the schedule appears not to have completed the review process (e.g., approved by the Council, [her] agency, the Attorney General, and the Auditor General)".

Attached please find a memo (attached: Exhibit 2) directing a member of the Council staff to take the steps necessary to collect and properly label all documents in the possession of the Arts Council. A complete and up-to-date records retention schedule will be prepared by the end of this summer, and will be sent through the various review and approval steps as required by law.

RECOMMENDATION #3: COMPUTER SECURITY

The Council should ensure that all desktop computers have screensaver passwords to prevent any unauthorized access to files.

Response: ACCEPTED

We agree with your recommendation that each office computer be password-protected at the screensaver level. Attached please find a copy of an email correspondence (Exhibit 3) to all staff members, directing them to comply with this recommendation.

Once again, thank you for your help in identifying these compliance issues. We appreciate your diligence and constructive assistance.

Sincerely,



Randall Rosenbaum
Executive Director

cc: Madelyn LaPlume, Chairman, RI State Council on the Arts
Stuart Giannini, Vice Chairman, RI State Council on the Arts



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
Office of the Secretary of State

Edward S. Inman, III, Secretary of State

Randall Rosenbaum
Executive Director
State Council on the Arts
95 Cedar St., Suite 103
Providence, RI 02903

April 23, 2002

Dear Randy,

Further to your telephone call, herewith is the records retention schedule that was drafted for the Council circa 1980. The schedule appears not to have completed the review process (e.g. approved by the Council, our agency, the Attorney General, and the Auditor General). Nevertheless, it represents a firm foundation from which to begin the process anew.

After you have had the opportunity to review the schedule, please do call and we can schedule a meeting.

I look forward to hearing from you.

Sincerely,

R. Gwenn Stearn
State Archivist &
Public Records Administrator

337 Westminster Street
Providence
Rhode Island
02903-3302

State Archives &
Public Records
Administration
401-222-2353
Fax: 401-222-3199

<http://www.state.ri.us>



Memorandum

To: Karolye Cunha
From: Randall Rosenbaum, Executive Director
Date: June 17, 2002
Re: PUBLIC RECORDS RETENTION REVIEW PROCESS

In accordance with the recommendations of the Bureau of Audits, and in keeping with your responsibility for the maintenance of the public records of this agency, I am directing that you take the following actions to develop an up-to-date "public records retention schedule" and organize the files and public records of the Rhode Island State Council on the Arts by no later than September 1, 2002:

1. Review the attached draft records retention schedule, developed circa 1980. Identify those items on the list that are no longer part of an active program of the Arts Council.
2. Consolidate, organize, box and appropriately label all grant or work related files that are currently distributed around the office or located on the 5th floor in storage.¹ Each box should be identified by fiscal year, program and other descriptive language.
3. Material from the last two fiscal years should be available for review in the file cabinets in the Master File Room (where our mailboxes are located). Please remove and box material currently in those file cabinets that is older than two fiscal years. That dated material should be placed in storage, either in the supply room or on the 5th floor.
4. Once all file materials are labeled and organized or re-organized, prepare an addendum to the attached draft records retention schedule, listing any additional categories of files and public records that are not included in the original draft.
5. Contact Gwenn Stearn, State Archivist and Public Records Administrator (222-2353), and arrange for a review by her or a member of her staff of all boxed

¹ If you require physical assistance to move file boxes on the 5th floor, or bring them to the 6th floor, please seek assistance from Dan or, if he is not available, myself. If you require gloves or a mask to protect you from dust on the 5th floor you may identify such items and present the paperwork to me so that they might be purchased.

and filed public records material, as well as a review of the amended records retention schedule. With the advice and counsel of the State Archivist and Public Records Administrator's office, include information in the report on the retention schedule of all public records (i.e., the second column on the record retention schedule).

6. With the assistance of the State Archivists' office, take steps to assist, and then monitor, the review process of the records retention schedule. Following approval by the Council at its late September 2002 meeting, the proposed schedule must be approved by the Public Records Administrator's office, then the Attorney General's Office, and then by the Auditor General's office.
7. Advise me personally on any issues, questions or problems you face as you work on this assignment, and prepare a weekly written report on your progress and the work you have done during the preceding week, which should be presented to me by no later than the close of business each Friday between now and the time this work has been completed.

As always, if you have any questions about this assignment, please feel free to discuss them with me.

EXHIBIT 3

From: Randall Rosenbaum
To: Daniel Kahn; Diane Pertuso; Estelle Verte; Folake Alalade; Karolye Cunha; Sherilyn Brown; Winnie Lambrecht
Date: 6/17/02 8:36AM
Subject: COMPUTER SECURITY

You may recall that the Mary Murphy of the Bureau of Audits conducted a compliance audit of RISCA this past year. I have reviewed the draft of this audit. I am happy to report that there are no glaring problems or issues arising from this review. There are only two substantive issues that may require action on our part. One has to do with records management, and particularly the archiving of historical documents and records. The second has to do with computer security.

At the recommendation of the Bureau of Audits I am directing that each staff member or contract aide who uses a computer in this office establish a "screensaver password" to prevent unauthorized use of our computers or database systems. See me if you need assistance setting up a screensaver password.

Thank you for your cooperation in this matter.

Randall Rosenbaum
Executive Director
Rhode Island State Council on the Arts
83 Park Street, 6th Floor
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phone: 401-222-3883
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